

NEWS RELEASE

CSE Global reports revenue of S\$262.2 million and net profit of S\$4.5 million in 1H2022

- Revenue increased 11.8% year-on-year, mainly due to growth in infrastructure project revenues
- Robust order book of S\$388.9 million as at 30 June 2022, buoyed by new orders for Energy sector recording 124.0% year-on-year growth
- Board recommends one-tier tax-exempt dividend of 1.25 Singapore cents per ordinary share

Group Financial Highlights			
S\$'000	1H2022	1H2021	Change (%)
Revenue	262,186	234,455	11.8%
Gross profit	72,789	70,006	4.0%
EBITDA	18,023	23,563	-23.5%
Net profit	4,534	10,071	-55.0%
Gross profit margin	27.8%	29.9%	-2.1pp
Net profit margin	1.7%	4.3%	-2.6pp
Net cash generated from operations	8,134	15,111	-46.2%
New orders received	421,733	210,556	100.3%
Outstanding orders	388,948	212,097	83.4%

Singapore, 12 August 2022 – CSE Global Limited (“CSE Global” or the “Group”), a global technologies company, announced today its financial results for the half year ended 30 June 2022 (“1H2022”).

Revenue increased by 11.8% year-on-year to S\$262.2 million from S\$234.5 million in the previous corresponding period (“1H2021”) mainly attributed to growth in infrastructure project revenues in Australia and the Americas region. In line with higher revenues, gross profit increased by S\$2.8 million or 4.0% year-on-year to S\$72.8 million, while net profit stood at \$4.5 million.

Mr Lim Boon Kheng, Group Managing Director of CSE Global, said, “Supply chain disruptions have affected our operations, resulting in longer delivery time, delayed revenue recognition and increased project execution costs. We also encountered higher sales and quoting costs, as well as unabsorbed labour costs since we opted to keep and grow our technical workforce to secure and cater to the new orders we have received.”

“Despite the above, the Group continued to see a robust amount of orders received, doubling to \$421.7 million from a year ago. This signals an extremely healthy pipeline in the coming quarters and meanwhile, we will continue to build our businesses through a combination of acquisitions and invest organically through sales, marketing, engineering support and capacity enhancements.”

“As demand for projects in the alternative energy space grows, we will actively pursue opportunities and acquisitions in the renewables space including solar and wind energy

projects. In addition, we will continue our focus on automation and data-centre projects, supported by requirements in digitalization, communications and enhancements in physical and cyber security globally,” added Mr Lim.

The Board of Directors has recommended a one-tier tax-exempt interim dividend of 1.25 Singapore cents per ordinary share. The payment of the interim dividend will be on 2 September 2022.

1H2022 Financial Review

Gross margin decreased by 2.1 percentage points to 27.8% in 1H2022, impacted by unfavourable sales mix of higher project revenues in the Energy sector at lower gross margins particularly in the Americas region.

In 1H2022, group operating expenses were 13.7% or S\$7.9 million higher year-on-year at S\$65.5 million, mainly due to the impact of newly acquired subsidiaries of S\$2.7 million, higher personnel costs of S\$1.8 million due to increased business activity of existing operations, higher selling and distribution expenses of S\$1.8 million, and upkeep of building and equipment costs of S\$1.1 million.

EBITDA decreased by 23.5% to S\$18.0 million as compared to 1H2021 of S\$23.6 million, mainly attributed to lower gross margins, higher operating expenses and lower favourable exchange differences of S\$0.5 million.

With higher interest costs of S\$0.7 million year-on-year, net profit for 1H2022 decreased by 55.0% year-on-year to S\$4.5 million from S\$10.1 million in 1H2021.

The Group generated a cash inflow from operations of S\$8.1 million in 1H2022, compared to S\$15.1 million in 1H2021. The Group’s net debt position was S\$74.4 million as at 30 June 2022, attributed to higher working capital of S\$10.2 million for new projects secured, S\$8.3 million made for business acquisitions and S\$9.4 million of capital expenditure for 1H22.

As at 30 June 2022, the Group’s earnings per ordinary share (“EPS”) was 0.88 Singapore cents and cash and bank balances was S\$27.1 million.

1H2022 Revenue Performance By Geography

Revenue by Geography (S\$'000)	1H2022	1H2021	Change (%)
Americas	149,040	137,414	8.5%
Asia Pacific	104,450	91,108	14.6%
EMEA	8,696	5,933	46.6%
Total	262,186	234,455	11.8%

In 1H2022, the geographical regions of the Americas, Asia Pacific and Europe/Middle East/Africa (“EMEA”) contributed 56.8%, 39.8% and 3.4% to revenue respectively.

The Americas region registered an 8.5% increase in revenue for 1H2022 of S\$149.0 million as compared to 1H2021 of S\$137.4 million, mainly attributed to higher time and material revenue achieved. Despite higher revenue achieved in 1H2022, the Americas region reported a loss before interest and tax of S\$3.7 million as a result of unfavourable sales mix at lower margins and higher operating and sales costs.

The Asia Pacific region reported a growth of 14.6% in 1H2022 revenue to S\$104.5 million, due to higher project revenues for both Mining & Mineral and Infrastructure sectors in Australia. In line with revenue growth, EBIT rose by 11.6% year-on-year to S\$11.4 million.

The EMEA region registered a 46.6% increase in revenue from S\$5.9 million in 1H2021 to S\$8.7 million in 1H2022 mainly due to contributions from new acquisitions in the United Kingdom and hence, an improvement in EBIT to S\$0.6 million.

Operational Update

Order Intake by Industry Segment (S\$'000)	1H2022	1H2021	Change (%)
Energy	238,274	106,389	124.0%
Infrastructure	153,695	79,694	92.9%
Mining & Minerals	29,764	24,473	21.6%
Total	421,733	210,556	100.3%

Order intake in 1H2022 surged by 100.3% to S\$421.7 million, compared to S\$210.6 million in 1H2021, with broad-based growth registered in all industry sectors. Order intake for the Energy sector rose by 124.0% year-on-year to S\$238.3 million in 1H2022, from S\$106.4 million in 1H2021. This was mainly due to new contracts for the maintenance of integrated control systems for production facilities and a large greenfield order in the Renewables space relating to the installation and integration of solar power systems amounting to S\$79.3 million, supported by higher flow orders.

In the Infrastructure sector, order intake in 1H2022 climbed by 92.9% to S\$153.7 million as compared to S\$79.7 million in 1H2021, mainly due to a major contract secured to provide engineering solutions for the data-centre market and higher field services orders for the wastewater market in the Americas region, as well as stronger orders of radio communication equipment and solutions led by utility and renewables customers in Australia.

The Mining & Minerals Sector clinched S\$29.8 million worth of new orders in 1H2022, as compared to S\$24.5 million in 1H2021 mainly from an LTE system project secured for a mine site in Australia.

As at June 2022, the Group's order book remains robust, standing at S\$388.9 million.

End of Release

About CSE Global Limited (“CSE Global”)

At CSE Global, we pride ourselves as a trusted, lifelong partner to our customers who always has their interests at heart. Leveraging our engineering experience, technology and diverse skill sets across our global network, we design and build customised, integrated systems for our clients that solve their problems.

Our integrated systems – from intelligent transport to smart lighting or energy management systems – sit at the heart of every infrastructure and are critical in nature. With highly attuned engineering capabilities at our core, we have successfully delivered complex, large-scale projects amidst the most challenging conditions. Our technologies are designed to reduce waste, allow for greener, smarter processes and are built to last.

Listed on the Singapore Exchange since 1999 and with our presence across 16 countries, 45 offices, and more than 1,500 employees across the globe, we enjoy long-standing relationships with a sizeable customer base comprising large government organisations and renowned brands across the Energy, Infrastructure, and Mining & Minerals sectors.

Over the years, we have built a workplace culture and management style that is people-centric, supportive and collaborative with employee well-being and people improvement as our key focus. Our passion for our work has resulted in a consistent profit track for the past three decades, as we continue to pursue operational excellence to achieve sustainable growth and enhanced shareholder returns.

CSE Global – Customer Satisfaction Everytime.

Visit www.cse-global.com for more information.

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